

# Exhibit F

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF PENNSYLVANIA  
PITTSBURGH DIVISION

IN RE: )  
 ) CASE NO: 06-25454-MBM  
 ) Chapter 11  
LE-NATURE'S, INC., )  
 ) Pittsburgh, Pennsylvania  
 )  
Debtor. ) Tuesday, August 21, 2007  
 ) (3:29 p.m. to 4:50 p.m.)

- 1) Doc. # 1282 and #1328 - CON'T RULE TO SHOW CAUSE WHY CASE SHOULD NOT BE DISMISSED AND CON'T MOTION TO CONVERT BY WACHOVIA BANK;
- 2) DOC # 1016 - CON'T MOTION FOR PAYMENT OF ADMISISTRATIVE EXPENSES CLAIM BY BISCHOF AND KLEIN GmbH AND COMPANY

BEFORE THE HONORABLE M. BRUCE MCCULLOUGH,  
UNITED STATES BANKRUPTCY JUDGE

Court Recorder: Janet Heller

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Pittsburgh, Pennsylvania; Tuesday, August 21, 2007; 3:29 p.m.

2 | (Call to Court)

3                   **THE COURT:** Okay. We have bankruptcy Number 06-25454  
4 Le-Nature's, Inc. We have some people on the phone. We're  
5 familiar with that. But we don't need to get their appearance.  
6 We'll assume what we've got -- received before, and then we  
7 have appearances in the courtroom, and we'll take those  
8 appearances. I'm not going to write them down, we rely on the  
9 record for those appearances.

10                   **MR. PACHULSKI:** Thank you, your Honor. Richard  
11 Pachulski, Pachulski, Stang, Ziehl, Young, Jones and Weintraub.  
12 I'm also here with Jim Joseph of the Spilman firm on behalf of  
13 the Chapter 11 trustee.

14 THE COURT: Okay.

15                   **MS. LEVIN:** Good afternoon, your Honor, Sharon Levin  
16 and Tom Pitta from Lowenstein, Sandler, along with David Rudov  
17 for the unsecured creditors committee.

18 THE COURT: Okay.

19                   **MR. MAYER:** Good afternoon, your Honor. Tom Mayer  
20 from Kramer, Levin. With me is my colleague Matthew Williams  
21 and our local counsel, Jeff Spear of Duane Morris for the ad  
22 hoc subordinating note holder's committee.

23                   **MR. MERRELL:** Good afternoon, your Honor. Frank  
24 Merrell, a member of Stettman, Treaster and Glad (phonetic),  
25 Professional Corporation on behalf of Harbinger Capital.

1                   **MR. WEISFELNER:** Judge, good afternoon, Ed  
2 Weisfelner, of Brown, Rudnick, Burlach, Israel (phonetic), on  
3 behalf of the ad hoc committee of secured lenders, here with  
4 our local counsel and my colleague Bob Stark, as well.

5                   **MR. FREEDLANDER:** Your Honor, good afternoon. Mark  
6 Freedlander, Bill Price and McGuire Woods, co-counsel to  
7 Wachovia. With me is Richard Toder, Mandy Zelmanovitz  
8 (phonetic) of Morgan Lewis as counsel to Wachovia Bank.

9                   **THE COURT:** Okay. This gentleman here?

10                  **MR. FREEDLANDER:** Bill Price.

11                  **MR. PRICE:** Bill Price.

12                  **THE COURT:** Oh.

13                  **MR. PACHULSKI:** Your Honor, I didn't know whether you  
14 preferred a particular order. We were prepared to go forward  
15 with the order to show cause in the motion to convert. There  
16 are some issues that people had asked for, I believe, Mr.  
17 Toder, an update on the sales status, but I thought that that  
18 should be toward the end of the hearing. Actually, we prefer  
19 that be in closed session if possible.

20                  **THE COURT:** Well, let's get the motion for payment  
21 administrative expenses claim out of the way.

22                  **MR. PACHULSKI:** That's easy, your Honor. We have a  
23 stipulation that I would hand up to you if that's possible.

24                  **THE COURT:** Okay.

25                  **MR. TODER:** Your Honor, would you be prepared to

1 entertain a brief remark on scheduling as a thought process?

2           **THE COURT:** Let me -- a stipulation. Is this --

3           **MR. TODER:** I'm --

4           **THE COURT:** -- signed?

5           **MR. PACHULSKI:** My understanding, your Honor, is  
6 Wachovia has no objection to these.

7           **MR. FREEDLANDER:** Oh, oh no. I apologize, no  
8 objection.

9           **MR. PACHULSKI:** No, I just -- I didn't think so.

10          **THE COURT:** Okay. We'll enter the stipulated order.

11          **MR. PACHULSKI:** Thank you, your Honor. That was the  
12 one non-controversial issue.

13          **THE COURT:** Okay. Got that out of the way.

14          **MR. PACHULSKI:** Your Honor, that leaves the order to  
15 show cause and the motion to convert as one matter and any  
16 status, your Honor, we'd like on the sale, which I had stated  
17 would prefer to be at the end of the calendar in closed  
18 session. Mr. Toder or anybody else may have a different view  
19 on that, but that would be my recommendation on behalf of the  
20 Trustee.

21          **THE COURT:** I'm not going to do it in closed session.

22          **MR. TODER:** Might I be heard on the order, your  
23 Honor?

24          **MR. PACHULSKI:** Your Honor, if I could make one point  
25 then. If it was -- just so it's fully on the record. If it

1 won't be in closed session, I clearly understand that. It  
2 would be my request on behalf of the Trustee, that since it's  
3 not on today's calendar, that it wait for a date that we set up  
4 a specific status conference on the matter, when additional  
5 work has been done, vis a vis the purchase and sale  
6 transaction.

7           **THE COURT:** But going forward?

8           **MR. PACHULSKI:** Excuse me?

9           **THE COURT:** Purchase and sale transaction is going  
10 forward?

11           **MR. PACHULSKI:** That's a possibility, but not quite  
12 finalized at this point, your Honor.

13           **THE COURT:** Well, it seems to me that we have to  
14 determine the status of that, given what I've been advised of  
15 the issue.

16           **MR. PACHULSKI:** Well, at this moment, your Honor,  
17 we're doing an investigation. That's the problem we've -- I  
18 believe your Honor was advised as of Thursday, we have taken --  
19 we have sent out discovery. We have taken some discovery  
20 actually on Monday, but it's very preliminary, and we're asking  
21 all the parties to cooperate.

22           So we have very preliminary views on it, your Honor,  
23 but have not done even close to a complete investigation, and  
24 I'm not sure it would be appropriate to do a piecemeal and  
25 state pieces of it until we had actually more information.

1                   **THE COURT:** I know that, but if this involves the  
2 sale, where's the sale?

3                   **MR. PACHULSKI:** Well, your Honor, the sale issue is --  
4 - our understanding is that the successful bidder is prepared  
5 to close, and there is going to be an issue as to whether that  
6 successful bidder -- we have asked the bidder whether they  
7 would close without a good faith finding, and we have not  
8 received a response, as of yet.

9                   And if the bidder is not prepared --

10                  **THE COURT:** Given what I understand the issue to be,  
11 why would we even bother with the closing until we get done  
12 with the investigation?

13                  **MR. PACHULSKI:** Well, your Honor, if the bidder was  
14 prepared to go forward without a good faith finding, we would  
15 be able to obtain all of our rights, and at least get money  
16 into the estate.

17                  **THE COURT:** Yeah, and then we just unravel it all and  
18 then we have more litigation. Give me a break. I wasn't just  
19 born yesterday.

20                  **MR. PACHULSKI:** Well, your Honor, we're not looking  
21 to unravel the transaction necessarily. We're looking to  
22 retain all rights to damages that may be related to the  
23 transaction. But if your Honor's view is it should not close  
24 until the transaction's complete, we will deal with that, but  
25 there's also an issue of the back-up bidder, where we may have

1 no choice but to close or we lose the back-up bidder by August  
2 31st.

3           **THE COURT:** I understand. And that's a decision  
4 you're going to have to make.

5           **MR. PACHULSKI:** Correct, your Honor. And the issue  
6 is, and what we would propose to do when we know the position  
7 of both the primary bidder and the back-up bidder, is to file a  
8 formal pleading advising your Honor and having your Honor make  
9 the determination. Because the Trustee's view may be a  
10 willingness to close without a -- if the successful purchaser  
11 is willing to go without a good faith finding, but if your  
12 Honor is unprepared to do that, then frankly, we would go with  
13 a second bidder.

14           But we're trying to unravel it, your Honor. We've  
15 known about this for less than a week, and we're doing the best  
16 we can.

17           **THE COURT:** I understand, and I'm not any happier  
18 than you are to be put in this position. But we've got to deal  
19 with what --

20           **MR. PACHULSKI:** I -- your Honor, I --

21           **THE COURT:** -- was flung at us.

22           **MR. PACHULSKI:** -- I could not agree with you more.  
23 We're doing it as quickly as we can. We have had at least one  
24 of the bidders who did immediately cooperate and gave us some  
25 discovery. We have to do it with the other party. There may

1 be some other third parties --

2           **THE COURT:** 31st is the deadline?

3           **MR. PACHULSKI:** Yes, your Honor. 31st if we -- we  
4 will -- we have requested from the back-up bidder an extension.  
5 We have stated the reason for the extension and they have --  
6 they have to get back to us whether they are willing to extend  
7 the August 31st date.

8           We tried to get that answer prior to the hearing, but  
9 they were not able to go up the management flagpole to make  
10 that final determination.

11           **THE COURT:** Well then, let's just set a hearing right  
12 here and now for August 30th at 2:00 o'clock.

13           **MR. PACHULSKI:** That'll be fine, your Honor.

14           **THE COURT:** Does that give you time so we --

15           **MR. PACHULSKI:** That gives us -- in all, your Honor,  
16 we are pushing it as hard as possible. I would be surprised --

17           **THE COURT:** I mean, if we decide to take the back-up  
18 bidder, we can deal with the back-up bidder on August 30th?

19           **MR. PACHULSKI:** I believe we can. We will tell them  
20 they better be prepared to close by August 31st, so we will  
21 tell them to be prepared to do that, and we will have your  
22 Honor make the final determination on August 30th. I think  
23 that's fair, your Honor.

24           **THE COURT:** Okay.

25           **MR. TODER:** Under those -- Richard Toder, your Honor,

1 for Wachovia. Under those circumstances, I think we've sort of  
2 completed the item, with respect for today at least, regarding  
3 the Latrobe sale and that was all I wanted. I thought it was  
4 important to be done first, quite frankly, not last, because of  
5 the obvious importance to the other issues.

6           **THE COURT:** Okay.

7           **MR. WEISFELNER:** Your Honor, I think it's important  
8 just to add one other thing with regard to Latrobe, and I know  
9 your Honor's going to hear more about this from the parties  
10 that are most directly affected, and those are the unsecured  
11 creditors, but.

12           So that everyone's crystal clear, in terms of the  
13 mechanics of the plan; the plan works and is confirmable,  
14 whether or not Latrobe closes. The proceeds that would  
15 otherwise have been available from the Latrobe sale, that would  
16 have funded the trust, will otherwise be supplied by virtue of  
17 exit financing that the lenders are committed to. Now, it'd be  
18 nice to have Latrobe proceeds, it'd be nice not to have had  
19 this controversy arise. But frankly, it doesn't, and shouldn't  
20 affect the timing of the plan process or the mechanics of  
21 closing on the plan. I just want your Honor to be clear that  
22 the plan doesn't depend on Latrobe closing.

23           **THE COURT:** You really think ten days makes a  
24 difference one way or another with the plan?

25           **MR. WEISFELNER:** Of course not.

1                   **THE COURT:** Then sit down.

2                   **MR. PACHULSKI:** Your Honor, on the -- I assume we're  
3 moving now to the order show cause and the motion to convert?

4                   **THE COURT:** Sure.

5                   **MR. PACHULSKI:** Your Honor, I think Counsel for the  
6 committee, you had asked a very direct and specific question at  
7 the last hearing regarding why it's in the estate's best  
8 interests, particularly the unsecured creditors, to pursue a  
9 plan, and I think actually committee Counsel who represents the  
10 interests of the unsecured creditors should go first. I think  
11 Mr. Mayer, on behalf of another group of unsecured creditors  
12 wants to speak, and then I would go after them.

13                  **THE COURT:** Okay.

14                  **MS. LEVIN:** Thank you, your Honor. Your Honor raised  
15 the concern at the last hearing --

16                  **THE COURT:** Your name?

17                  **MS. LEVIN:** I'm sorry, Sharon Levin, Lowenstein  
18 Sandler for the unsecured creditor's committee.

19                  Your Honor raised a concern at the last hearing with  
20 regard to how the unsecured creditors benefit under a plan of  
21 reorganization, under a plan of liquidation and a Chapter 11,  
22 completing the Chapter 11 process, as opposed to, for example,  
23 dismissal or conversion.

24                  We would respectfully submit, your Honor, that a  
25 Chapter 11 plan process is really the only way that unsecured

1 creditors have a realistic hope of obtaining a recovery in this  
2 particular case.

3                   While we're glad to see the Latrobe sale process move  
4 forward and we're cautiously optimistic that these issues which  
5 are currently obstructing that sale will get resolved on or  
6 before the August 30th hearing, our hope for recovery lies  
7 exclusively within the tort claims and the other estate causes  
8 of action, which we believe have values in excess of several  
9 hundred millions, if not a billion dollars. And we're looking  
10 to start that process.

11                  **THE COURT:** We have a billion dollars of damages  
12 here. Give me a break.

13                  **MS. LEVIN:** Well, our understanding, your -- all  
14 right, fine. Then let's see we go with 300 million, 400  
15 million, 500 million --

16                  **THE COURT:** I just don't want to talk big numbers if  
17 we don't have to.

18                  **MS. LEVIN:** That's fine. Tort claims of as of now,  
19 your Honor, unliquidated damage claims. What's clear is that  
20 we get no recovery in a Chapter -- in a dismissal. And, in  
21 fact, we lose the right to the estate causes of action, because  
22 they disappear.

23                  In a conversion, your Honor, while there are other  
24 constituents in this case who are represented by ad hoc  
25 committees, have pooled resources, and pooled assets, the